



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

## **Financial Statements Audit Report**

# **Shoreline Fire Department**

**King County**

**For the period January 1, 2012 through December 31, 2013**

**Published December 31, 2014**

**Report No. 1013375**





## Washington State Auditor Troy Kelley

December 31, 2014

Board of Commissioners  
Shoreline Fire Department  
Shoreline, Washington

### Report on Financial Statements

Please find attached our report on Shoreline Fire Department's financial statements.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

A handwritten signature in blue ink that reads "Troy X. Kelley".

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Shoreline Fire Department  
King County  
January 1, 2012 through December 31, 2013**

Board of Commissioners  
Shoreline Fire Department  
Shoreline, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Shoreline Fire Department, King County, Washington, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 17, 2014.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial

statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other

purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

November 17, 2014

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Shoreline Fire Department King County January 1, 2012 through December 31, 2013**

Board of Commissioners  
Shoreline Fire Department  
Shoreline, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Shoreline Fire Department, King County, Washington, for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 10.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, Shoreline Fire Department has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Shoreline Fire Department, for the years ended December 31, 2013 and 2012, on the basis of accounting described in Note 1.

### **Basis for Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the District used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Shoreline Fire Department, as of December 31, 2013 and



2012, or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

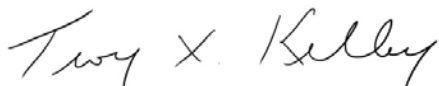
## **Other Matters**

### ***Supplementary and Other Information***

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Liabilities are presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

November 17, 2014

## **FINANCIAL SECTION**

**Shoreline Fire Department  
King County  
January 1, 2012 through December 31, 2013**

### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2013  
Fund Resources and Uses Arising from Cash Transactions – 2012  
Notes to Financial Statements – 2013  
Notes to Financial Statements – 2012

### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2013  
Schedule of Liabilities – 2012

## FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds*	000	102	201
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	4,621,590	2,960,928	227,176	166,138
30880	Beg Fund Bal-Unreserved	6,079,642	6,079,642	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
<b>Operating Revenues</b>					
310	Taxes	10,130,460	9,054,821	0	1,075,639
320	Licenses & Permits	109,151	109,151	0	0
330	Intergovernmental Revenues	1,208	1,208	0	0
340	Charges for Goods and Services	8,640,758	8,640,758	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	209,430	49,485	16,681	128,211
Total Operating Revenues:		19,091,007	17,855,423	16,681	1,203,850
<b>Operating Expenditures</b>					
510	General Government	0	0	0	0
520	Public Safety	16,989,752	16,989,187	565	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		16,989,752	16,989,187	565	
Net Operating Increase (Decrease):		2,101,255	866,236	16,116	1,203,850
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	34,352	12,850	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	289,218	0	0	0
Total Nonoperating Revenues:		323,570	12,850		
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	1,265,025	0	0	1,265,025
594-595	Capital Expenditures	192,471	0	0	0
597	Transfers-Out	289,218	289,218	0	0
Total Nonoperating Expenditures:		1,746,714	289,218		1,265,025
Increase (Decrease) in Cash and Investments		678,111	589,868	16,116	-61,175
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	4,887,270	3,138,363	243,292	104,964
50880	End Fund Balance-Unreserved	6,492,074	6,492,074	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		301	302
<b>Beginning Cash and Investments</b>			
30810	Beg Fund Bal-Reserved	507,656	759,692
30880	Beg Fund Bal-Unreserved	0	0
38800/58800	Prior Period Adjustments, net	0	0
<b>Operating Revenues</b>			
310	Taxes	0	0
320	Licenses & Permits	0	0
330	Intergovernmental Revenues	0	0
340	Charges for Goods and Services	0	0
350	Fines & Penalties	0	0
360	Miscellaneous Revenues	10,674	4,379
Total Operating Revenues:		10,674	4,379
<b>Operating Expenditures</b>			
510	General Government	0	0
520	Public Safety	0	0
598	Intergovernmental Payments	0	0
Total Operating Expenditures:			
Net Operating Increase (Decrease):		10,674	4,379
<b>Nonoperating Revenues</b>			
370, 380, 395, 398	Other Financing Sources	0	21,502
391-393	Debt Proceeds	0	0
397	Transfers-In	0	289,218
Total Nonoperating Revenues:			310,720
<b>Nonoperating Expenditures</b>			
580, 596, 599	Other Financing Uses	0	0
591-593	Debt Service	0	0
594-595	Capital Expenditures	155,029	37,442
597	Transfers-Out	0	0
Total Nonoperating Expenditures:		155,029	37,442
Increase (Decrease) in Cash and Investments		-144,355	277,657
<b>Ending Cash and Investments</b>			
50810	End Fund Bal-Reserved	363,301	1,037,350
50880	End Fund Balance-Unreserved	0	0

The accompanying notes are an integral part of this Statement.

## FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS Code		Total for All funds*	000	102	103
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	5,040,390	3,129,058	210,070	4,431
30880	Beg Fund Bal-Unreserved	4,932,185	4,932,185	0	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
<b>Operating Revenues</b>					
310	Taxes	10,665,169	9,488,100	0	0
320	Licenses & Permits	110,095	110,095	0	0
330	Intergovernmental Revenues	7,131,447	7,131,447	0	0
340	Charges for Goods and Services	1,274,958	1,274,958	0	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	209,673	112,628	26,321	56
<b>Total Operating Revenues:</b>		<b>19,391,342</b>	<b>18,117,228</b>	<b>26,321</b>	<b>56</b>
<b>Operating Expenditures</b>					
510	General Government	75,264	75,264	0	0
520	Public Safety	16,786,592	16,777,378	9,214	0
598	Intergovernmental Payments	0	0	0	0
<b>Total Operating Expenditures:</b>		<b>16,861,856</b>	<b>16,852,642</b>	<b>9,214</b>	
<b>Net Operating Increase (Decrease):</b>		<b>2,529,486</b>	<b>1,264,586</b>	<b>17,107</b>	<b>56</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	294,226	4,486	0	0
<b>Total Nonoperating Revenues:</b>		<b>294,226</b>	<b>4,486</b>		
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	1,236,103	0	0	0
594-595	Capital Expenditures	564,716	0	0	0
597	Transfers-Out	294,226	289,740	0	4,486
<b>Total Nonoperating Expenditures:</b>		<b>2,095,045</b>	<b>289,740</b>		<b>4,486</b>
<b>Increase (Decrease) in Cash and Investments</b>		<b>728,667</b>	<b>979,332</b>	<b>17,107</b>	<b>-4,430</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	4,631,940	2,971,278	227,176	0
50880	End Fund Balance-Unreserved	6,069,292	6,069,292	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		201	301	302
<b>Beginning Cash and Investments</b>				
30810	Beg Fund Bal-Reserved	178,760	563,121	954,950
30880	Beg Fund Bal-Unreserved	0	0	0
38800/58800	Prior Period Adjustments, net	0	0	0
<b>Operating Revenues</b>				
310	Taxes	1,177,069	0	0
320	Licenses & Permits	0	0	0
330	Intergovernmental Revenues	0	0	0
340	Charges for Goods and Services	0	0	0
350	Fines & Penalties	0	0	0
360	Miscellaneous Revenues	46,413	19,066	5,189
Total Operating Revenues:		1,223,482	19,066	5,189
<b>Operating Expenditures</b>				
510	General Government	0	0	0
520	Public Safety	0	0	0
598	Intergovernmental Payments	0	0	0
Total Operating Expenditures:				
Net Operating Increase (Decrease):		1,223,482	19,066	5,189
<b>Nonoperating Revenues</b>				
370, 380, 395, 398	Other Financing Sources	0	0	0
391-393	Debt Proceeds	0	0	0
397	Transfers-In	0	0	289,740
Total Nonoperating Revenues:				289,740
<b>Nonoperating Expenditures</b>				
580, 596, 599	Other Financing Uses	0	0	0
591-593	Debt Service	1,236,103	0	0
594-595	Capital Expenditures	0	74,530	490,186
597	Transfers-Out	0	0	0
Total Nonoperating Expenditures:		1,236,103	74,530	490,186
Increase (Decrease) in Cash and Investments		-12,621	-55,464	-195,257
<b>Ending Cash and Investments</b>				
50810	End Fund Bal-Reserved	166,138	507,656	759,692
50880	End Fund Balance-Unreserved	0	0	0

The accompanying notes are an integral part of this Statement.

Shoreline Fire Department

NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2013

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NOTES TO FINANCIAL STATEMENT

For the Period Ended December 31, 2013

The following notes are an integral part of the accompanying financial statements.

Note 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Shoreline Fire Department (Department) is a special purpose government that provides fire protection services to the general public and is supported primarily through property taxes. The Department was incorporated in 1939 and operates under Chapter 52 RCW and other laws of the state of Washington applicable to fire districts.

Shoreline Fire Department is governed by an elected/appointed five member Board of Fire Commissioners that is responsible for appointing the administrative personnel and overseeing Department affairs.

The following is a summary of the more significant policies, including identification of those policies which result in material departures from generally accepted accounting principles:

A. Fund Accounting

The accounts of the Department are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprise its cash, investments, revenues and expenditures, as appropriate. The Department's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the Department.

GOVERNMENTAL FUND TYPES:

General (Current Expense) - 001 (Expense Fund)

This fund is the primary operating fund of the Shoreline Fire Department. It accounts for all financial resources except those required or elected to be accounted for in another fund. The General Expense, ALS Expense, Fire Suppression Reserve, ALS Reserve, Fire Suppression Benefits, ALS Benefits, and Imprest Petty Cash Checking Account and Imprest Petty Cash Funds are accounted for in Fund 001.

Special Revenue - 102 (EMS Donations Fund)

This fund was established to receive and account for funds donated to Shoreline Fire Department for basic life support. Revenue sources are from donations and interest earned from investment of BLS funds.

Debt Service Fund - 201 (GO Bond Fund)

This fund accounts for the accumulation of resources to pay principal, interest, and related costs on general long-term bonded debt. In 1997, voters passed a \$13,800,000 bond issue for a major Capital Improvement Project. Taxes assessed will be received and accounted for in this fund. Bond payments are automatically made by interfund transfer biannually.

Capital Projects Fund - 301 (Capital Replacement Fund)

This fund primarily accounts for the accumulation of resources for the purchase of major equipment. This fund is used to track and maintain long-range plans. The fund allows the Department to plan for large purchases without depleting the current

Shoreline Fire Department

NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2013

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year's expense budget.

Capital Projects Fund - 302 (ALS Capital Fund)

This fund primarily accounts for the accumulation of resources for the purchase of major equipment. This fund is used to track and maintain long-range plans. The fund allows the Department to plan for large purchases without depleting the current year's expense budget.

B. Basis of Accounting

The Department's financial statements are excerpted from accounting records maintained for the Department by King County in accordance with the method prescribed by the State Auditor under the Authority of Washington State law, Chapter 43.09, RCW. The Department uses the Budgeting, Accounting and Reporting System for Fire Districts in the State of Washington. The financial statements are presented on the cash basis.

Basis of Accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

Purchasing of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

C. Cash

It is the Department's policy to invest all temporary cash surpluses. The amount is included on the statement of resources and uses arising from cash transactions as net cash and investments.

D. Deposits

The Department's deposits are covered by (the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission).

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded as capital expenditures when purchased.

F. Compensated Absences

Sick Leave

The majority of the employees are members of the bargaining unit with sick leave hours processed according to the following.

Upon LEOFF retirement (does not include termination for cause), employees shall have 50% of any unused sick leave hours remaining in their sick leave bank converted to a dollar value and contributed to HRA (VEBA) or equivalent health care trust account recognized by IRS code 501c9. The conversion rate will be 50% of their actual sick leave hours at the time of retirement times their final base hourly rate of pay. The estimated sick time liability effective 12/31/13 as indicated above was \$1,997,878.

Vacation Time

The total vacation time liability effective 12/31/13 was \$1,140,982. This amount accounts for all hours accumulated in 2013 and eligible for use in 2014.

Compensatory Time

The total compensatory time liability effective 12/31/13 was \$101,819.



## Shoreline Fire Department

## NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2013

## Clothing Allowance

The total unpaid clothing allowance liability effective 12/31/13 was \$36,129.

## G. Reserved Fund Balances

Reserved Fund Balances at 12/31/13 were:

General Fund (Cash Reserve and Benefits):	\$3,148,714
Capital Replacement Funds:	\$1,400,650

## Note 2 - BUDGETS

The department adopts annual appropriated budgets for Gen Expense, Gen Capital, Gen Benefits, ALS Expense, ALS Capital, and ALS Benefits funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund Name	Appropriate Amounts	Actual Expenditures	Variances
Gen Expense	11,649,006	11,307,778	341,228
Gen Capital	143,000	155,029	(12,029)
Gen Benefits	1,115,000	316,394	798,606
ALS Expense	6,448,313	6,127,161	321,152
ALS Capital	64,000	37,442	26,558
ALS Benefits	277,000	8,527	268,473
TOTALS	19,696,319	17,952,331	1,743,988

## Note 3 - PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed at/after the end of each month. The Department recognizes property tax revenues when cash is recorded as received by the County. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The King County Assessor, pursuant to the duty imposed on them by RCW 84.48.130, certified that the assessed valuation of all the taxable property situated within the boundaries of the Shoreline Fire Department for the assessment year 2012 and tax year 2013 was \$6,052,459,816 and was recorded as such in the King County Assessment Roll.

The regular levy rate for 2013 was \$1.50 per \$1,000.

## Note 4 - INVESTMENTS

The Department's investments are held by King County as its agent in the Department's name.

## Shoreline Fire Department

## NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2013

## Note 5 - DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Liabilities (09) provides a listing of the outstanding debt of the District and summarizes the District's debt transactions for year 2013. The debt service requirements, including interest, are as follows:

Description: 1997 G.O. Bond (voted)  
 Original Issue Amount: 13,800,000  
 Maturity Date: 2016  
 Balance Payable 12/31/13: 3,700,000.00

## B. Debt Service Requirements on Long-Term Bonded Debt.

Years Ending 31-Dec	Principal	Interest	UTGO Total Debt Svc.
2013	1,100,000	164,980.00	1,264,980.00
2014	1,165,000	127,172.08	1,292,172.08
2015	1,230,000	87,130.07	1,317,130.07
2016	1,305,000	44,976.82	1,349,976.82

## Note 6 - PENSION PLANS

Substantially, all Department full-time and qualifying part-time employees participate in LEOFF II or PERS II administered by Department of Retirement Systems, under cost-sharing multiple-employer public employee retirement systems. Actuarial information is on a system-wide basis and is not considered pertinent to the Department's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by the plan.

Historical trend or other information regarding each plan is presented in the State Department of Retirement Systems annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems  
 Communications Unit  
 P.O. Box 48380  
 Olympia, Washington 98505-8380

## Note 7 - OTHER DISCLOSURES

In the opinion of management, there are no other known contingencies that would not be adequately covered by the Department's insurance carrier.

## Shoreline Fire Department

## NOTES TO FINANCIAL STATEMENT

*For the Year Ended December 31, 2012*

## NOTES TO FINANCIAL STATEMENT

For the Period Ended December 31, 2012

The following notes are an integral part of the accompanying financial statements.

## Note 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Shoreline Fire Department (Department) is a special purpose government that provides fire protection services to the general public and is supported primarily through property taxes. The Department was incorporated in 1939 and operates under Chapter 52 RCW and other laws of the state of Washington applicable to fire districts.

Shoreline Fire Department is governed by an elected/appointed five member Board of Fire Commissioners that is responsible for appointing the administrative personnel and overseeing Department affairs.

The following is a summary of the more significant policies, including identification of those policies which result in material departures from generally accepted accounting principles:

## A. Fund Accounting

The accounts of the Department are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprise its cash, investments, revenues and expenditures, as appropriate. The Department's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the Department.

## GOVERNMENTAL FUND TYPES:

## General (Current Expense) - 001 (Expense Fund)

This fund is the primary operating fund of the Shoreline Fire Department. It accounts for all financial resources except those required or elected to be accounted for in another fund. The General Expense, ALS Expense, Fire Suppression Reserve, ALS Reserve, Fire Suppression Benefits, ALS Benefits, and Imprest Petty Cash Checking Account and Imprest Petty Cash Funds are accounted for in Fund 001.

## Special Revenue - 102 (EMS Donations Fund)

This fund was established to receive and account for funds donated to Shoreline Fire Department for basic life support. Revenue sources are from donations and interest earned from investment of BLS funds.

## Special Revenue - 103 (Miscellaneous Trust)

This fund was established to receive and account for non-permanent revenue and expenses such as grants, pass through accounting, etc.

On December 2012, the Board of Commissioners approved Resolution 12-09 authorizing the closing of the Miscellaneous Trust Fund, Account 10-004-0040. A fund balance in the amount of \$4,484.70 was transfer to the General Expense fund, account 10-004-0010

## Debt Service Fund - 201 (GO Bond Fund)

This fund accounts for the accumulation of resources to pay principal, interest, and related costs on general long-term bonded debt. In 1997, voters passed a \$13,800,000 bond issue for a major Capital Improvement Project. Taxes assessed will be received and accounted for in this fund. Bond payments are automatically made by interfund transfer biannually.

Shoreline Fire Department

NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2012

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Capital Projects Fund - 301 (Capital Replacement Fund)

This fund primarily accounts for the accumulation of resources for the purchase of major equipment. This fund is used to track and maintain long-range plans. The fund allows the Department to plan for large purchases without depleting the current year's expense budget.

Capital Projects Fund - 302 (ALS Capital Fund)

This fund primarily accounts for the accumulation of resources for the purchase of major equipment. This fund is used to track and maintain long-range plans. The fund allows the Department to plan for large purchases without depleting the current year's expense budget.

B. Basis of Accounting

The Department's financial statements are excerpted from accounting records maintained for the Department by King County in accordance with the method prescribed by the State Auditor under the Authority of Washington State law, Chapter 43.09, RCW. The Department uses the Budgeting, Accounting and Reporting System for Fire Districts in the State of Washington. The financial statements are presented on the cash basis.

Basis of Accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

Purchasing of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

C. Cash

It is the Department's policy to invest all temporary cash surpluses. The amount is included on the statement of resources and uses arising from cash transactions as net cash and investments.

D. Deposits

The Department's deposits are covered by (the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission).

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded as capital expenditures when purchased.

F. Compensated Absences

Sick Leave

The majority of the employees are members of the bargaining unit with sick leave hours processed according to the following.

Upon LEOFF retirement (does not include termination for cause), employees shall have 50% of any unused sick leave hours remaining in their sick leave bank converted to a dollar value and contributed to HRA (VEBA) or equivalent health care trust account recognized by IRS code 501c9. The conversion rate will be 50% of their actual sick leave hours at the time of retirement times their final base hourly rate of pay.

The estimated sick time liability effective 12/31/12 as indicated above was \$1,968,178.

## Shoreline Fire Department

## NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2012

## Vacation Time:

The total vacation time liability effective 12/31/12 was \$1,082,539. This amount accounts for all hours accumulated in 2012 and eligible for use in 2013.

## Compensatory Time:

The total compensatory time liability effective 12/31/12 was \$88,716

## Clothing Allowance:

The total unpaid clothing allowance liability effective 12/31/12 was \$45,888

## G. Reserved Fund Balances

Reserved Fund Balances at 12/31/12 were:

General Fund (Cash Reserve and Benefits	\$2,971,278
Capital Replacement Funds	\$1,267,349

## Note 2 - BUDGETS

The department adopts annual appropriated budgets for Gen Expense, Gen Capital, Gen Benefits, ALS Expense, ALS Capital, ALS Benefits funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund Name	Appropriated Amounts	Actual Expenditures	Variances
Gen. Expense	11,485,534	10,988,550	496,984
Gen. Capital	170,000	74,530	95,470
Gen. Benefits	1,194,000	567,817	626,183
ALS Expense	6,109,616	5,956,311	153,305
ALS Capital	574,000	490,186	83,814
ALS Benefits	277,100	29,708	247,392
TOTALS	19,810,250	18,107,102	1,703,148

## Note 3 - PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed at/after the end of each month. The Department recognizes property tax revenues when cash is recorded as received by the County. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The King County Assessor, pursuant to the duty imposed on them by RCW 84.48.130, certified that the assessed valuation of all the taxable property situated within the boundaries of the Shoreline Fire Department for the assessment year 2011 and tax year 2012 was \$6,387,153,261 and was recorded as such in the King County Assessment Roll.

The regular levy rate for 2012 was \$1.50 per \$1,000.

## Note 4 - INVESTMENTS

The Department's investments are held by King County as its agent in the Department's name.

## Shoreline Fire Department

## NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2012

## Note 5 - DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Liabilities (09) provides a listing of the outstanding debt of the District and summarizes the District's debt transactions for year 2012. The debt service requirements, including interest, are as follows:

Description: 1997 G.O. Bond(voted)  
 Original Issued Amount: \$13,800,000  
 Maturity Date: 2016  
 Balance Payable 12/31/12: \$4,800,000.00

Debt Service Requirements on Long-Term Bonded Debt.

Years Ending	Principal Interest	UTGO Total Debt Svc.
31-Dec 2012	1,035,000 201,103.28	1,236,103.28
2013	1,100,000 164,980.00	1,264,980.00
2014	1,165,000 127,172.08	1,292,172.08
2015	1,230,000 87,130.07	1,317,130.07
2016	1,305,000 44,976.82	1,349,976.82

## Note 6 - PENSION PLANS

Substantially, all Department full-time and qualifying part-time employees participate in LEOFF II or PERS II administered by Department of Retirement Systems, under cost-sharing multiple-employer public employee retirement systems. Actuarial information is on a system-wide basis and is not considered pertinent to the Department's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by the plan.

Historical trend or other information regarding each plan is presented in the State Department of Retirement Systems annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems  
 Communications Unit  
 P.O. Box 48380  
 Olympia, Washington 98505-8380

## Note 7 - OTHER DISCLOSURES

LITIGATION - As of the statement publishing date, the Department is no longer a defendant of a lawsuit brought by an employee. The case was closed.

In the opinion of management, there are no other known contingencies that would not be adequately covered by the Department's insurance carrier.

## Shoreline Fire Department

Schedule of Liabilities  
For the year ended December 31, 2013

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2013	Additions	Reductions	Ending Balance December 31, 2013
General Obligations							
	251.12	GO Bond	9/1/2016	4,800,000	0	1,100,000	3,700,000
	259.11	Accrued SL, VAC,	12/31/2013	3,185,321	91,488	0	3,276,809
	<b>Total General Obligations:</b>			<b>7,985,321</b>	<b>91,488</b>	<b>1,100,000</b>	<b>6,976,809</b>
	<b>Total Liabilities:</b>			<b>7,985,321</b>	<b>91,488</b>	<b>1,100,000</b>	<b>6,976,809</b>

## Shoreline Fire Department

Schedule of Liabilities  
For the year ended December 31, 2012

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2012	Additions	Reductions	Ending Balance December 31, 2012
General Obligations							
	251.12	GO Bond	9/1/2016	5,835,000	0	1,035,000	4,800,000
	259.11	Accrued SL, VAC,	12/31/2012	2,945,158	240,163	0	3,185,321
		<b>Total General Obligations:</b>		<b>8,780,158</b>	<b>240,163</b>	<b>1,035,000</b>	<b>7,985,321</b>
		<b>Total Liabilities:</b>		<b>8,780,158</b>	<b>240,163</b>	<b>1,035,000</b>	<b>7,985,321</b>



## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
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<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>